

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

*Financial Statements*  
*(Audited)*

For The Years Ended  
December 31, 2010 and 2009

**BARBARA ARNOLD, CLERK/TREASURER**





# Dave Yost • Auditor of State

Village Council  
Village of Marseilles  
20295 Center Street  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditor's Report* of the Village of Marseilles, Wyandot County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Marseilles is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 10, 2011

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**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report**

Members of Council and Mayor  
Village of Marseilles  
20295 Center Street  
Upper Sandusky, Ohio 43351

We have audited the accompanying financial statements of the Village of Marseilles, Wyandot County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village Marseilles' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village of Marseilles has prepared these financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of Marseilles' larger (i.e. major) funds separately. While the Village of Marseilles does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village of Marseilles to reformat their statements. The Village of Marseilles has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Marseilles, as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Marseilles, Wyandot County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2011, on our consideration of the Village of Marseilles' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
April 4, 2011

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	2010	2009
Cash and Cash Equivalents	\$ 51,502	\$ 36,456
Total Cash and Cash Equivalents	\$ 51,502	\$ 36,456
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 14,190	\$ 1,616
Special Revenue Funds	37,312	34,840
Total Governmental Fund Types	51,502	36,456
Total Fund Balances	\$ 51,502	\$ 36,456

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 2,782	\$ -	\$ 2,782
Intergovernmental	15,797	4,151	19,948
Interest	-	13	13
Donations and contributions	-	4,186	4,186
Miscellaneous	112	-	112
Total cash receipts	<u>18,691</u>	<u>8,350</u>	<u>27,041</u>
Cash disbursements:			
Current:			
Security of persons and property	1,484	-	1,484
Leisure time activities	-	5,698	5,698
Basic utility services	260	-	260
Transportation	-	180	180
General government	4,373	-	4,373
Total cash disbursements	<u>6,117</u>	<u>5,878</u>	<u>11,995</u>
Total cash receipts over/(under) cash disbursements	12,574	2,472	15,046
Cash fund balances, January 1, 2010	<u>1,616</u>	<u>34,840</u>	<u>36,456</u>
Cash fund balances, December 31, 2010	<u>\$ 14,190</u>	<u>\$ 37,312</u>	<u>\$ 51,502</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF MARSEILLES  
 WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
 AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
 AUTHORITY - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ -	\$ -	\$ -	\$ 18,691	\$ 18,691	\$ -	\$ -	\$ -	\$ 6,117	\$ -	\$ 6,117	\$ (6,117)
Special Revenue	-	-	-	8,350	8,350	-	-	-	5,878	-	5,878	(5,878)
Total (Memorandum Only)	\$ -	\$ -	\$ -	\$ 27,041	\$ 27,041	\$ -	\$ -	\$ -	\$ 11,995	\$ -	\$ 11,995	\$ (11,995)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 3,031	\$ -	\$ 3,031
Intergovernmental	2,177	5,188	7,365
Interest	-	31	31
Donations and contributions	-	8,972	8,972
Miscellaneous	100	-	100
Total cash receipts	<u>5,308</u>	<u>14,191</u>	<u>19,499</u>
Cash disbursements:			
Current:			
Security of persons and property	1,353	-	1,353
Public health services	89	-	89
Leisure time activities	-	1,988	1,988
Basic utility services	120	-	120
Transportation	-	2,346	2,346
General government	5,289	-	5,289
Capital outlay	-	10,149	10,149
Total cash disbursements	<u>6,851</u>	<u>14,483</u>	<u>21,334</u>
Total cash receipts over/(under) cash disbursements	(1,543)	(292)	(1,835)
Cash fund balances, January 1, 2009	<u>3,159</u>	<u>35,132</u>	<u>38,291</u>
Cash fund balances, December 31, 2009	<u>\$ 1,616</u>	<u>\$ 34,840</u>	<u>\$ 36,456</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF MARSELLES  
 WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
 AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
 AUTHORITY - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ -	\$ -	\$ -	\$ 5,308	\$ 5,308	\$ -	\$ -	\$ -	\$ 6,851	\$ -	\$ 6,851	\$ (6,851)
Special Revenue	-	-	-	14,191	14,191	-	-	-	14,483	-	14,483	(14,483)
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,499</u>	<u>\$ 19,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,334</u>	<u>\$ -</u>	<u>\$ 21,334</u>	<u>\$ (21,334)</u>

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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Marseilles (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides general governmental services, park maintenance and road repair and maintenance.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Village’s accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

**GOVERNMENTAL FUNDS**

**General Fund**

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Village had the following significant special revenue funds:

*Street Construction, Maintenance, and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets (2009).

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Park Fund* - This fund receives donations from the community for maintenance and future park improvements (2010 and 2009).

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except Agency funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had no appropriations for the years ended December 31, 2010 and December 31, 2009.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. Wyandot County waived this requirement for 2010 and 2009.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. The Village did not certify balances at January 1, 2010 or January 1, 2009 or request amended certificates in noncompliance with Ohio Revised Code Section 5705.36. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village did not approve appropriations for the years ended December 31, 2010 or 2009 in noncompliance with Ohio Revised Code Section 5705.38.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village did not use the encumbrance method of accounting in noncompliance with Ohio Revised Code Section 5705.41(D) and thus there were no outstanding encumbrances at December 31, 2010 and December 31, 2009.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the Village is credited to its respective funds. Interest income earned and received by the Village totaled \$13 and \$31 for the years ended December 31, 2010 and 2009, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as disbursements in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**F. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

**G. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.



**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 3 - COMPLIANCE**

- A. The Village was unable to provide evidence of permanent appropriations for the years ended December 31, 2010 and 2009 in noncompliance with Ohio Revised Code Section 5705.38.
- B. The Village had expenditures in excess of appropriations in all funds for the years ended December 31, 2010 and 2009 and throughout the years in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.
- C. The Village did not certify expenditures for the years ended December 31, 2010 and 2009 in noncompliance with Ohio Revised Code Section 5705.41(D).
- D. The Village did not certify unencumbered fund balances to the county at January 1, 2010 and January 1, 2009 in noncompliance with Ohio Revised Code Section 5705.36.
- E. The Village did not maintain an appropriation ledger in accordance with Ohio Administrative Code Section 117-2-02(D) for the years ended December 31, 2010 and 2009.

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2010	2009
Deposits: Demand deposits	\$ 40,313	\$ 25,282
Investments: STAR Ohio	11,189	11,174
Total	\$ 51,502	\$ 36,456

*Deposits:* Deposits are insured by the Federal Deposit Insurance Corporation.

*Investments:* Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments is not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due on the following June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County is responsible for assessing property taxes, and for the billing, collecting, and distributing all property taxes on behalf of the Village.

**NOTE 6 - RISK MANAGEMENT**

In 2010 and 2009, the Village maintained commercial insurance for the following risks:

- Buildings and contents
- Public official's liability

**NOTE 7 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
Village of Marseilles  
20295 Center Street  
Upper Sandusky, Ohio 43351

We have audited the financial statements of the Village of Marseilles, Wyandot County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 4, 2011, wherein we noted the Village of Marseilles followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Marseilles' internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Marseilles' internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Marseilles' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

Members of Council and Mayor  
Village of Marseilles

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Marseilles' financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-VOM-007 described in the accompanying schedule of findings and responses to be a material weakness.

#### Compliance and Other Matters

As part of reasonably assuring whether the Village of Marseilles' financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed six instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-VOM-001 through 2010-VOM-006.

The Village of Marseilles' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Marseilles' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the Council of the Village of Marseilles and its management and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
April 4, 2011

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2010-VOM-001

Ohio Revised Code Section 5705.38 requires the annual appropriation measure to be passed on or about the first day of each fiscal year. Temporary appropriations may be adopted until April 1 if the taxing authority wishes to postpone the passage of the annual appropriation measure until the county budget commission sends out the amended certificate based on year end balances.

The Village could not provide evidence of any Council approved or certified permanent appropriations for 2010 and 2009.

While the Village did not spend more monies that actually available, the lack of evidence of appropriations may hinder its ability to effectively budget and monitor disbursements related to the budget.

We recommend that Council adopt procedures for approving the appropriation measures and include these procedures in an accounting policies and procedures manual. We recommend that the Clerk/Treasurer develop a tickler file including all significant due dates of the budgeting process. The temporary or permanent appropriation measures should be passed prior to incurring expenditures.

Client Response: The Village has had turnover in the Clerk/Treasurer and Council positions. We are actively seeking to resolve this. In addition, the Mayor is taking a more active role in the financials of the Village.

Finding Number	2010-VOM-002
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations in all funds during 2010 and 2009 due to the Village not timely or properly approving permanent appropriations.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>
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Finding Number	2010-VOM-002 - (Continued)
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By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

*Client Response:* The Village has had turnover in the Clerk/Treasurer and Council positions. We are actively seeking to resolve this. In addition, the Mayor is taking a more active role in the financials of the Village.

Finding Number	2010-VOM-003
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations in all funds during the years ended December 31, 2010 and 2009 due to not passing an appropriation measures.

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

*Client Response:* The Village has had turnover in the Clerk/Treasurer and Council positions. We are actively seeking to resolve this. In addition, the Mayor is taking a more active role in the financials of the Village.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>
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Finding Number	2010-VOM-004
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Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village does not certify disbursements.

Without certification, the Village may expend more funds than available in the Treasury, in the process of collection or the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village has had turnover in the Clerk/Treasurer and Council positions. We are actively seeking to resolve this. In addition, the Mayor is taking a more active role in the financials of the Village.

Finding Number	2010-VOM-005
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Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not certify unencumbered fund balances at January 1, 2010 for the year ended December 31, 2009 or January 1, 2009 for the year ended December 31, 2008.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>
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Finding Number	2010-VOM-005 - (Continued)
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The Village is not properly certifying its audited balances to the appropriate authorities as required by law.

We recommend that the Village consult the Ohio Compliance Supplement, the Village Officer's manual and its auditors to ensure that Village fund balances agree to audited reports. This will enable the county auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within its available resources.

*Client Response:* The Village has had turnover in the Clerk/Treasurer and Council positions. We are actively seeking to resolve this. In addition, the Mayor is taking a more active role in the financials of the Village.

Finding Number	2010-VOM-006
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Ohio Administrative Code Section 117-2-02(D) specifies the required accounting records that must be maintained, one of which is an appropriation ledger.

For the years ended December 31, 2010 and December 31, 2009, the Village did not maintain an appropriation ledger.

It is not proper budgeting stewardship for the Village to expend monies or incur obligations without maintaining an appropriation ledger to monitor that funds have been properly appropriated for such disbursements.

We recommend that the Village Clerk/Treasurer maintain an appropriation ledger based on temporary, then permanent, then modified (if applicable) appropriations. These ledgers should be reviewed monthly by the Village Council to enable them to monitor disbursements and facilitate the making of appropriate budgetary decisions.

*Client Response:* The Village will evaluate using a computerized accounting system which will facilitate an appropriation ledger or will prepare a manual ledger.



**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>
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Finding Number	2010-VOM-007
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Material Weakness - Budgetary Monitoring Controls

Entities require strong controls over the budgetary Ohio Revised Code compliance requirements. These internal controls should provide monitoring over compliance with applicable Ohio Revised Code Sections.

The Village lacks monitoring controls over completing the necessary paperwork annually to be in compliance with the applicable Ohio Revised Code compliance sections.

Lack of such internal controls facilitates the Village's noncompliance with certain rules and regulations and could facilitate over spending of available monies.

We recommend the Village consider implementing a 'due date' system that denotes significant budgetary filing requirements and their respective due dates. We further recommend the Village Council designate a council member to oversee the implementation and compliance with this system. This will help ensure all required documents are properly approved and submitted as required in a timely basis.

Client Response: The Village has had turnover in personnel. The Village has already implemented these internal controls for 2011.

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2008-VOM-001	Ohio Revised Code Section 5705.38 requires the annual appropriation measure to be passed on our about the first day of each fiscal year.	No	2010-VOM-001
2008-VOM-002	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations.	No	2010-VOM-002
2008-VOM-003	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	2010-VOM-003
2008-VOM-004	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	2010-VOM-004

**VILLAGE OF MARSEILLES  
WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2008-VOM-005	Ohio Revised Code Section 5705.36 requires Fiscal Officers to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.	No	2010-VOM-005
2008-VOM-006	Ohio Administrative Code Section 117-2-02(D) specifies the required accounting records that must be maintained, one of which is an appropriation ledger.	No	2010-VOM-006

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# Dave Yost • Auditor of State

VILLAGE OF MARSEILLES

WYANDOT COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 24, 2011